



## City Light Review Panel Meeting Meeting Minutes

**Date of Meeting: January 31, 2014**

MEETING ATTENDANCE					
<b>Panel Members:</b>					
Name		Name		Name	
David Allen	✓	Stan Price	✓	Debbie Tarry	x
Tom Lienesch	✓	Julie Ryan	✓	Eugene Wasserman	x
Chris Roe	✓	Sue Selman	x	Eric Thomas	✓
<b>Staff and Others:</b>					
Jorge Carrasco	✓	Councilmember Sawant	x	Paula Laschober	✓
Sephir Hamilton	✓	Joshua Koritz	✓	Vanessa Lund	✓
Maura Brueger	✓	Phil West	✓	Paul Bergman	✓
Kim Kinney	✓	Jim Baggs	✓	Marianne Bichsel	✓
Jeff Bishop	✓	DaVonna Johnson	x	Bernie O'Donnell	✓
Karen Reed	✓	Mike Jones	✓		
Tony Kilduff	✓	Saroja Reddy	✓		

### **Call To Order**

The meeting was called to order at 12:00 p.m.

Karen Reed welcomed everyone to the meeting and began with a review and approval of the agenda. The agenda was approved.

### **Approval of Minutes**

The meeting participants reviewed the draft meeting minutes of January 13, 2014. The minutes were approved.

### **Presentations / Information**

#### Chair's Report:

Stan Price congratulated Jorge Carrasco for being elected as the Chair of Alliance To Save Energy (ASE). Stan noted that ASE is based in Washington, D.C. and focuses on policy advocacy at the federal level promoting energy efficiency. Senator Warner is the Co-Chair. ASE was the instigator behind formation of Stan's organization, the Northwest Energy Efficiency Council.

Kim Kinney advised there were no emails received to the general mailbox.

Review Panel members shared their feedback on the recent rate policy outreach meetings. The following comments/questions were noted:



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- Thought that outreach briefings were very well received and City Light did a good job articulating what the Panel has been discussing.
- Not a lot of arrows, good engagement, good comments, & positive.
- As expected, reliability and predictability were among main concerns.
- City Light is explaining it correctly and at the right time.
- Building owners seem to understand the size of the metaphor & the costs – it'll inspire other businesses to get things under control and what they need to do to control costs.
- What was the feedback from the residential customers? *(A: a few hundred watched the webcast however there were only a few Twitter comments sent in. There wasn't as much engagement as we hoped for with the social media)*
- The video was very good.
- What did you discuss about delaying the Rate Stabilization Account (RSA) surcharge? *(A: SCL is taking some money and putting it into the RSA so it doesn't drop below the \$90M level which would trigger a 1.5% surcharge.)*

Jorge Carrasco thanked the Review Panel members for taking the time to attend the sessions and noted that they were a very important part of the outreach.

### **Response to data requests from last meeting**

Jeff Bishop spoke next on the data requests from the last Panel meeting. He referred to the handouts which included information on the preliminary December 2013 financial highlights, 2013 efficiencies realized, the RSA, workforce initiatives status/updates, and rate path mitigation efforts being contemplated.

A question was raised about the \$18M in savings on the efficiencies side. How does that add up and what percentage is that compared to cost to run the organization? *(A: Jeff responded that he can provide more detail on that number. There is additional work to do to identify additional saving/efficiencies opportunities; the UMS report was very broad and generic and did not give SCL a level of specificity.)*

Jorge spoke on the RSA surcharge slide. He said the utility was focused on 2014 right now because we still are uncertain about what happens in the water year for future periods. This is the best information that we can give right now and we don't know yet if the water situation will improve. Jeff explained that if we go below the \$90M in the RSA, it would trigger the surcharge to come in two months later.

The group discussed the workforce initiative update – safe work environment, workers compensation, the incentive compensation plan, turnover cost and attrition, and the training & apprenticeship program. Phil West advised that the Utility is starting a leadership training and development program for employees. Jorge added that these are critical focus areas and a win for our employees. The utility faces a big challenge with its aging retiring workforce. The Utility needs to think about how to get young people interested in working for City Light and bring them into the apprentice programs.



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Jeff reviewed the handout showing the rate path mitigation efforts contemplated (but not currently in the proposed plan for 2015-18):

- Property sales
- Lower bond interest
- Savings from continuous improvement program
- Power marketing sales
- Environmental clean-up
- Conservation program savings
- Energy Imbalance Market (EIM)

Jorge explained the Energy Imbalance Market (EIM), which helps utilities that generally have more power than they need sell their excess power, and buy intermittent power to meet their needs, on a more favorable basis than the general power market.

### **Additional Planning Years 2019-2020:**

#### **1. Proposed Initiative: Distribution Automation Technology**

Phil West spoke on the 1<sup>st</sup> new initiative proposed for the 2019-2020 planning year: Distribution Automation (DA) and Distribution Management System (DMS) technology. He described the existing automation inside City Light's 15 substations. The proposed DA capacity would control, monitor and automate equipment *outside* substations on the distribution system, in the field. DA systems monitor equipment, remotely control devices, automatically detect and isolate faults, and restore electric service to customers. The DMS is the software platform for demand response, energy delivery optimization, supporting electric vehicles, solar technologies and other applications. The DA systems would be integrated with DMS to further optimize systems operations. Phil noted this is a major opportunity to drive reliability and gives the Utility greater flexibility in controlling its system. Jorge added that SCL is behind its peers in this type of investment, and that it would allow SCL to dispatch many fewer field response crews.

#### **2. Proposed Initiative: Service Center Seismic Upgrade or Relocation**

Jorge explained that the Utility is in the early stage of planning for this item, so the price tag is a placeholder. SCL is concerned about the state of its two service centers. The South Service Center, in particular, is on very unstable soil that could liquefy in a major earthquake.

Bernie O'Donnell from SCL's Utility Support Services Division presented an overview of SCL's service center facilities. The facilities have exceeded their operational lifespans – they're aging, unreliable, highly congested and physically constrained. The North Service Center (NSC) was built in the 1950's and the South Service Center (SSC) was built in the 1920's. SSC is located in a high liquefaction service zone and its staging and movement of materials is very limited due to tight constrained spaces.



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Bernie provided an overview of the service center master planning process and evaluation criteria. There are three planning options under consideration:

- Seismic upgrade only to the South Service Center (cost would be *at a minimum* \$90M (unloaded, 2014 dollars) but feel it's prudent to put in this placeholder for 2019-20)
- Replace South Service Center
- Single Large Service Center (most expensive but brings most efficiency in scale to have the one large service center)

*Please also refer to Attachment A-1 for more details of the panel discussion from this January 31st meeting.*

### **3. Baseline Assumptions for 2019-2020 and Efficiencies**

Jeff reviewed the baseline assumptions in the periods of 2019-2020, which remain largely as presented in the current Strategic Plan (p. 16). He reviewed a summary of the 36 initiatives in the original Strategic Plan: most are getting up and running and will continue into the future.

The Utility is not proposing additional efficiency targets for 2019-2020.

**Panel Discussion:** *See Attachment A-1 for items raised in discussion*

Maura advised they will present an update on interim rate policy outreach at the next Review Panel meeting scheduled for February 24<sup>th</sup>.

Tony Kilduff recommended that the utility brief the Mayor on the proposed rate design and rate path prior to the next review panel meeting on the 24<sup>th</sup>. He noted that there will be a joint special meeting set up with SPU probably in the second quarter.

### **Action Items**

Karen Reed will follow up with Debbie Tarry on her resignation letter.

Staff will provide the Review Panel with more information on strategic plan efficiencies issues at the next meeting.

Staff will provide the Review Panel with a view of the public outreach efforts at the next meeting.

### **Adjournment**

There being no further business to discuss, the meeting was adjourned at 2:52 p.m.



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### Write-up from SCL Panel Discussion 1/31/14

#### Distribution Automation (DA) / Distribution Management System (DMS)

##### *Panel Questions:*

- What is the amount of savings SCL will realize from reduced need to dispatch into field to find outages?
- Is there a common industry software/hardware platform for this yet?

##### *Panel Response:*

- Panel members supported the investment.

#### Replacement/Rehab of Service Center Facilities

##### *Panel Questions:*

- If SCL *does not* proceed with the \$90M low level investment, are these dollars reprogrammable? (A: we should know what option we're pursuing well before 2019)
- Are there options for partnering? (A: Probably not. SCL uses different equipment than other local utilities and dispatching more than one organizations' vehicles from the same site could be challenging)
- What is the value of the North Service Center land?
- Can there be a more distributed solution?
- Is there a 35 acre site in Seattle that could be used for a consolidated site that is not also in the liquefaction zone?
- What is the timeline for making a decision on which option to pursue? (A: Internally: end of 2014)

#### Are the strategy and 4 key objectives of the 2013-2018 plan still appropriate for the 2015-2020 update?

##### *Panel Response:*

- Yes

#### What is your assessment of the Utility's performance to date in meeting its commitments and progress regarding the baseline, efficiencies and initiatives?

##### *Panel Response:*

- Very impressed with transparency and accomplishments
- Visible commitment to efficiencies – now and ongoing – is critical and helpful to rate discussion.

#### Are you comfortable reaffirming the 4.7% average rate revenue requirement increase for 2013-2018? (Excluding RSA/BPA)

##### *Panel Response:*

- Yes.

#### Are you comfortable with the proposed approach to 2019-2020?

##### *Panel Response:*



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- Need cost data and need to understand the rate impact
- Concerned about the potential upside cost risk on the service center projects.
- Sooner than 2019-20, may need to address the rate policy issues and link these to the Plan
  - In terms of the desire to increase fixed cost recovery, show how this impacts the plan
  - Need to identify how long the 'glide path' is and what is the ultimate fixed cost recovery target
- Utility has good credibility on efforts to date.
- Disappointed that the utility is not proposing additional efficiency goals—important for optics. Perhaps target being in the top ten percent tier of similar utilities?
- Would have expected more initiatives to have fallen off the list – be completed – going forward. (Counterpoint: we're only 2 years in.)
- Can increased cost savings be found over time?

### Key questions to get answered / information to provide in the public outreach?

#### *Panel Response:*

- Concern about public engagement overload given 2 rounds from SCL and then from SPU.
- Can we move toward a single annual outreach effort, linking rates and plan issues?
- The updated strategic plan will not have many changes and is more of a progress report than a new plan.
- Keep focus and attention on the strategic goals.
- Time line is very tight.
- Focus on Revenue requirement and new initiatives.